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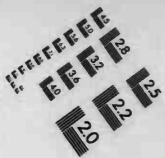
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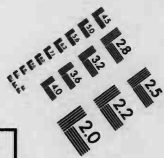
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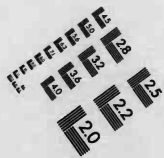
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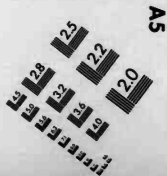
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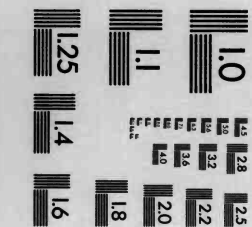
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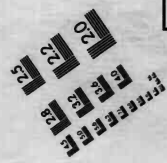
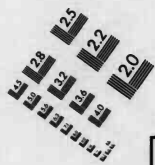
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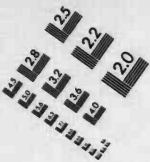
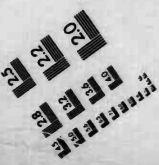


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THE EFFECT UPON THE CIVILIAN MARKET OF THE
WARTIME CONTROL OF WOOL AND WOOL PRODUCTS

World War I

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UNITED STATES DEPARTMENT OF LABOR

Bureau of Labor Statistics

THE EFFECT UPON THE CIVILIAN MARKET OF THE WARTIME
CONTROL OF WOOL AND WOOL PRODUCTS

Prepared in the Special Price Research Section

By

J. Donald Edwards

Under the Direction of

Stella Stewart, Chief
Retail Price Division

April, 1941

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THE EFFECT UPON THE CIVILIAN MARKET OF THE WARTIME

CONTROL OF WOOL AND WOOL PRODUCTS

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THE EFFECT UPON THE CIVILIAN MARKET OF THE WARTIME
CONTROL OF WOOL AND WOOL PRODUCTS

Summary

Prices of wool and wool products by July, 1916 had risen 39% above the 1913-14 average and by October, 1918 had risen 190% because of:

(a) the difficulty of obtaining imports from the usual sources due to the wartime demands of the European owners of these sources. Prices from South American sources were high because of the competition of European buyers. Since half of the raw wool domestically consumed was imported, this resulted in high prices and shortages even before the United States started to clothe its own army.

(b) the necessity to raise wages to stem the migration of labor from the wool industry to better paid industries. This was later rendered more imperative by the Government's withdrawal of labor from industry to the army which happened in spite of the exemption provisions of the Selective Service Act.

(c) the enormous Government purchases in 1916 and 1917 which drained the supply of fabrics from the market and forced prices up.

(d) speculative or "far-forward" buying which was practiced by the trade in an attempt to insure sufficient supplies to meet both Government and civilian needs.

As a result of the price rise, the quality of fabrics offered on the consumer market changed. Increased quantities of substitutes were used. In addition, garment patterns were altered so as to conserve fabrics.

Government activities affecting wool were carried on first by the

-2-

Quartermaster-General of the Army and later by the War Industries Board and the War Trade Board. These activities consisted first of conservation and stabilization measures to assure enough material to fill military contracts and eventually extended to the purchase by the Government of all raw wool. These moves were taken primarily in the interest of the military program with little concern as to the effect upon the civilian consumer.

Heavy Government purchasing of fabrics began in June, 1916 and was expanded in 1917 and 1918. These purchases rendered more acute the raw wool shortage occasioned by the import problem mentioned above and by the expansion of demand between 1914 and 1916 due to foreign military orders. In September, 1917, the Government asked manufacturers to discontinue the manufacture of any all-wool fabrics for civilians. This conservation appeal was on a voluntary basis.

In November, 1917, the Government took an option on all imports of wool and in March, 1918, the Quartermaster started exercising the option. In April, 1918, the Government purchased all stocks of raw wool in the hands of dealers and contracted for the 1918 wool clip. This was to be distributed on a specified margin basis through the commercial dealers who were put under license. After the Government purchase of the raw wool, new wool was not released for the manufacture of civilian fabrics until after the Armistice.

Resumption of manufacture for civilians was delayed after the Armistice by the manufacturers' fear of falling wool prices and by labor disturbances. There was a period of post-war prosperity in the industry late in 1919, coincident with the general post-war industrial boom. When the Government in January, 1919 had announced the base price that it

would accept for its wool stock it had placed a floor under raw wool prices. Most of the labor difficulties were quieted by August, 1919. Then the abundant export markets of wool-starved Europe and of South America were discovered by the manufacturers and looms again began to operate near capacity.

In this study interest is centered upon government control of wool and wool products. As necessary background a brief review of price developments is first considered and is followed by a review of the general civilian market for wool products and a discussion of two special markets, blankets and wool floor coverings, including the problems of post-war readjustment.

Price Developments in Clothing Wool, 1914-1918

Immediately after war broke out in Europe in 1914, prices of raw wool in the United States began to rise. Over one-half of all the raw wool used in the United States was imported. About 50 percent of the clothing wool was imported and half of these imports were from the British Empire. At the same time, all of the carpet wool was imported, most of it also from the British Empire.* The war threatened to cut off these imports from Britain. Due to competition between American, British, French and Italian buyers in South America, prices of wool imported from South America were also increased.

During 1915 and 1916, the notable price increase for raw wool continued and was accompanied by increases for wool fabrics. Both Allied military contracts and domestic civilian demand were greatly expanded during this period. In the latter part of 1916, the United

* For further comparisons between carpet and clothing wools see Page 16.

States Army became a large buyer of wool fabrics and manufacturers purchased even greater quantities of raw wool. Manufacturing costs also increased. The migration of textile labor to better paid jobs in other industries brought an increase in the labor costs of wool manufacturers. This was accentuated by numerous strikes. Higher labor and raw material costs were reflected in higher prices for fabrics.

In spite of enlarged imports, an acute shortage of raw wool developed during 1917. By January, 1917, prices had already advanced 60% above the 1913-14 average. Further price advances in 1917 and 1918 raised the index for wool and wool products 130% more by October, 1918, when army demands began to decline. In November, 1918, after four years of almost steady increase, the price index for wool and wool products began to recede.

The following table shows that the price rise for wool and wool products as a group was greater than that for cotton and cotton products, foods as a group, metals, and the general price level as reflected in the "all commodities" index. Because the price of wool and wool products started its rise and reached its peak in October, the indexes used are for that month.

Increase in Prices for Selected Groups of Commodities in October,
1914 - 1918 *

Av. 1913-14 = 100

October	Wool and Wool Products	Cotton and Cotton Products	Foods	Metals	"All Commodities"
1914	101	76	104	91	104
1915	116	87	99	116	104
1916	145	135	125	176	132
1917	234	200	177	228	182
1918	290	237	195	216	201

Various problems present themselves in any review of the extraordinary demands made upon the supplies of wool and the accompanying increase in prices during the period from 1914 to the end of 1918. To what extent did the government control the wool and wool products market? Which of these controls were effective? How was the American consumer affected? What happened after the war emergency had passed?

Development of Centralized Governmental Buying of Wool and Its Products

In June, 1916, the War Department through the Quartermaster entered the market as a large purchaser of wool products. Three hundred thousand yards of 16 ounce O. D. Melton cloth and 100,000 yards of all wool khaki shirting flannel were purchased on the open market because there was no longer sufficient time to allow for the manufacture of the material under Government contract. 1/ Inventories had been reduced during the 1913-14 depression and not subsequently replenished. This order reduced still

* War Industries Board Price Bulletin #1.

more the stocks of woolen fabrics available for civilian use.

At the same time, the Quartermaster authorized the American Woolen Company to divert as much of its machinery as possible to military cloths, the price to be paid for these cloths to be determined after delivery. 1/ Orders for more material, particularly shirting flannel, were distributed evenly among woolen manufacturers. The diversion of all this raw wool and machinery from civilian use did not permit the creation of new reserve stocks.

In February and March, 1917, the wool manufacturers became certain that large government contracts were in the offing. They formed a "Cooperative Committee" in February to help distribute these contracts when they were made and to inform the government concerning apparently advisable changes in specifications. 1/

In April and May, the army contracts came. Immediately all the woolen manufacturers were booked ahead on military orders. 1/ Previously placed orders for woolen fabrics by clothing manufacturers were severely reduced or canceled. However, military contracts were not given for worsted fabrics because the army specifications were such that worsted machinery was not usable.

The Secretary of War, at the request of the Committee on Supplies of the Council of National Defense, announced on April 12 that army contracts would be let secretly. 5/ The intent of this action was to restrain price advances. Because rumor magnified the volume of Army contracts, the actual effect was to increase prices for raw wool and for those types of fabrics required for government use. Within three months, the secrecy idea was foregone.

In July, 1917, 25 million dollars of the army appropriation was set aside to help stabilize the wool market. The market immediately responded to this news and prices became more stable because of the government's announced intention to both buy and sell at such price levels as it deemed necessary. The government actually purchased less than 6 million pounds of raw wool under these powers.

In the same month the army specifications were altered upon recommendation of the Cooperative Committee so that worsted manufacturers could make military cloths. 1/ As a result of this change in army specifications, such orders from private dealers and clothiers as had not previously been cut were reduced.

In September, 1917, the Committee on Supplies of the War Industries Board asked the Wool Manufacturers Cooperative Committee to initiate civilian conservation measures, and on October 10, the manufacturers were asked to discontinue producing "pure wool" fabrics for civilian use. The wool manufacturers agreed. 1/

Garment manufacturers cooperated in wool conservation by changing styles so that less material was used in each garment and by using substitutes for wool fabrics wherever possible. 1/ But this conservation did not release enough wool or woolen fabric to satisfy army officials who at last desired "to prepare for emergencies." 6/

On November 14, 1917, all exports of wool and wool products suitable for military purposes were forbidden by the War Trade Board. On November 27, imports of wool were placed under license control and the government was given a 10-day option on all imports. 5/

The Quartermaster, in March, 1918, began exercising the government's option on wool imports. On April 1, army requirements to January 1, 1919,

were estimated at three times the available scoured wool, and later in April, the government took over all of the wool, both foreign and domestic, in the hands of dealers, and commandeered the 1918 domestic wool clip. 5/

The wool dealers had several times previously suggested this move. They objected to it at the particular moment, however, and argued that they could more efficiently distribute the wool than any new government organization. 1/ It now appears, however, that they were more influenced by the prospects of large profits.

In July, the Quartermaster was given a monopoly of wool imports. Thereafter the Government controlled the raw wool supply. 5/

In January, 1917, 5 to 6 percent of wool manufacturing machinery was on government work. In December, 1917, 35 to 50 percent of the machinery was on military contracts. In October, 1918 all operating wool machinery was on military contracts because wool was not available for any other work. 7/

In September, 1918, because of persistent requests by wool manufacturers for the release of wool for civilian use, a survey of stocks on hand was made by the Wool Section of the War Industries Board. * This survey indicated that stocks were insufficient to allow such release before April, 1919. 5/ When the Armistice was signed in November, the army supplies, however, were sufficient for its needs to the end of 1919. 2/ The controls which were effective at the close of the war reveal the extent of the government's interest in wool.

* A copy of the survey questionnaire is attached to this memorandum. (See Page 20)

Status of Wool Control on November 1, 1918

Raw Wool. The War Department was in possession of all the raw wool which was not then in the hands of the manufacturers. This included both stocks of wool on hand and orders for future delivery. The purchase and disposition of the wool was administered by the Wool Tops and Yarn Branch of the Clothing and Equipage Division, Quartermaster General. Possession of all the wool had come about by:

- 1) taking over all wools in the hands of dealers and importers in April, 1918 and thereafter taking all imports.
- 2) purchasing the entire 1918 domestic clip through the regular trade channels which had been brought under War Department control in April.

The price paid for the wool had been set by the Price-Fixing Committee at the market price of July 30, 1917, which was defined as the last "fair market price," i.e. price not affected by Government purchasing. 5/

Raw wool was parceled out to manufacturers as they needed it for Government contracts. No wool was released for other purposes.

Reworked Wool. The price of wool rags, new clips, and shoddy was also controlled. After the Government purchased the 1918 wool clip, prices of wool rags, new clips, and shoddy had risen rapidly due in large part, to speculation. To stop the price advance, so the Government would not be mulcted if it became a large buyer, prices of these had been set by the Price-Fixing Committee in August, 1918. The price level chosen was recommended by the Woolens Section, War Industries Board, as "fair and equitable to the producer and consumer alike, and of benefit to the Government through the Quartermaster Corps, and to the public at large." 6/

Wool Manufactures. The prices of wool manufactures on the civilian market were not set even though "from the point of view of the American public, prices of civilian wool manufactures needed to be controlled and consumption regulated." 5/ Speculation in piece goods by jobbers and clothiers began when the allocation of wool supplies to manufacturers for civilian purposes was stopped. 8/ To curb this activity, the War Industries Board in June, 1918 asked the Federal Trade Commission to conduct an investigation into the civilian piece goods market in New York. Subsequently "the presence of Federal Trade Commission agents in the field abated speculation somewhat," although prices continued to climb. 5/

Conservation of Wool for Civilian Use. The Woolens Section had surveyed the stocks of privately owned wools still in the hands of manufacturers by means of questionnaires. 9/ This had shown an acute shortage of wool for civilian consumer fabrics. To conserve the privately owned wool for these fabrics, the use of yarn for hand knitting purposes was discontinued. 9/ Concurrently spinners and dealers were prevailed upon to turn over their stocks of hand-knitting yarn to the American Red Cross. The Conservation Division of the War Industries Board through an agreement with the trade reduced the number of clothing styles and eliminated "certain features which required an extravagant use of cloth." A reduction in the size and quantity of samples also effected a great saving in material. 1/

Survey of the Civilian Market for Clothing Fabrics

In the Spring of 1915, the American people were beginning to feel the effect of the European war. Expanding military purchases by the warring nations created greater prosperity among wage earners and some classes of salaried workers in this country. The demand for certain types of goods

by those groups was greater than had ever previously been experienced.

In the fall of 1915, heavy exports of woolen manufactures for military use abroad had created a shortage in the types of raw wool required for such uses. Fabrics from these wools were also popular for civilian use. But the stocks of these fabrics were not sufficient to meet the expanded civilian demand.

Faced with these shortages, clothiers sacrificed quality to maintain their usual price lines and refused to purchase heavily of the finer fabrics which were still available in the higher price brackets. By the spring of 1916, customers who insisted on making their purchases in the lower price lines were buying inferior goods. However, wages kept rising and employment was steady. The result was an increased demand for the finer fabrics and garments manufactured from them. The dealer was caught unawares, for the demand was greater than the supply.

Another factor presented itself in the summer of 1916. There was a great expansion in the business of the mail order houses. ^{1/} The farmer, who was their best customer, had sold his crops at high prices, greatly increasing his buying power. Then too, consumers in small towns began to buy more largely from mail order houses. ^{1/}

In the fall of 1916, purchases of woolen goods by the United States Government complicated this situation still further. ^{1/} By this time, prices of wool manufactures had gone up about 50 percent as compared with 1913, matching a similar increase in the prices of "all commodities."

The United States entered the war in April, 1917. The spring of this year witnessed an even greater shortage of wool fabrics for civilian use and another sharp rise in prices. Cheap substitutes were offered. Materials purchased by garment manufacturers for civilian men's suits

and overcoats and classed as "heavy weight" materials, weighed less than 14 ounces. ^{1/} This contrasted with materials of from 28 to 32 ounces customarily used for heavy men's clothing.

In order to conserve such fabrics as were available, the garment manufacturers agreed that insofar as possible, they would use not more than three yards of material in a dress, suit or coat and in no case to use more than $4\frac{1}{2}$ yards for each garment. In order to sell this agreement to the public, styles were limited to the slim silhouette effects. A further saving of cloth was effected "by eliminating such fancy additions as patch pockets, belts, pleats, cuffs, etc." * ^{1/}

In October, 1917, there was an informal agreement between the wool manufacturers and the War Industries Board, that no all wool fabrics should be manufactured for civilian use. The manufacturers also sponsored a campaign to discourage the consumption of wool fabrics. ^{1/} These policies had the effect of popularizing other fabrics such as cotton, "artificial silk" and mixtures of these fabrics and such wool as was available. Some of these fabrics proved to be so acceptable that their use was continued after the war.

This movement was given impetus in April, 1918, when the government took over all raw wool not then in the possession of the wool manufacturers. Thereafter all raw wool was devoted to manufacture of military goods. In addition the army used all of the reworked wool from new clips. Only reworked wool from old rags was left for civilian consumption.

* The Clothing Trade Journal for December, 1940, carries this statement in its market notes on woollens: "One of the best ways to save on woollens and at the same time create a slight style change would be to eliminate cuffs on trousers since they serve no useful purpose." So does history repeat itself.

The price of blankets continued a gradual upward trend for another year. In May, 1917, just after we had entered the war, the War Industries Board index for blankets was 60% above the 1913-14 average. A further 62% rise occurred in June. This reflects in part the trade practice of concentrating in one month the full purchase of annual supplies. There was a very limited amount of heavy machinery suitable for blanket manufacture. Mills with this machinery had to devote from 75 to 100 percent of their output to government orders. 2/ This was rendered even more necessary by a labor shortage which developed because of the migration of labor to better paid jobs in other industries and to the armed forces. Hence most of the blanket machinery could not be operated at capacity. Meantime, the volume of civilian orders was increasing. 2/ The shortage of blankets on the civilian market which had been developed by the Quartermaster's open market activities in the previous year, now became more acute.

Except for a variation upward in October, 1917, balanced by a drop in January, 1918, prices remained stable for a year. In June, 1918, the price index jumped 40 points to 262 % of the 1913-14 average. Only such raw wools as were in the possession of manufacturers when the government bought the wool in the hands of dealers and the domestic wool clip were available for civilian manufactures.. Such raw wool was exceedingly scarce. Shoddy prices were rising because of the heavy demand for shoddy as a substitute for raw wool. Not only raw materials but labor costs and overhead expenses were increased. Manufacturers had increased wages during the year in an attempt to stem the migration of labor. 2/ Transportation priorities which gave precedence to government contracts hampered manufacturers in the delivery of civilian orders. 2/ With

manufacturing costs thus increased and with deliveries uncertain, prices rose still further.

A ten percent rise of the index to 272% of the 1913-14 average in August, 1918 completed the price rise for blankets. The index did not change until January, 1919. Then a price reduction was effected through the sale of army supplies, the discontinuation of army purchases, and the restoration of peacetime capacity to the manufacture of blankets for civilians.

Despite the price rise, blanket manufacturers were not subjected to direct government control. Instead three indirect controls were exercised through the Committee of Supplies, the Quartermaster and the Price-Fixing Committee. In September, 1917, the Committee on Supplies, of the War Industries Board, meeting with the trade, asked that any wool used in the manufacture of goods for the civilian population be mixed with other textile fabrics. This slowed down the manufacture of the finer grades of blankets but had little effect on blankets in the lower price levels. Then, in April, 1918, the Quartermaster purchased all of the raw wool in the hands of dealers and contracted for the entire 1918 domestic wool clip. Thus, the manufacture of the finer grades of blankets for civilians was prevented.

In August 1918, the Price-Fixing Committee, which working in cooperation with the Quartermaster had already set the price of raw wool, established maximum prices for shoddy, new clips and old rags because the market price for these was rapidly rising. These maximum prices established by the Price-Fixing Committee were above the market level. The market price promptly rose to the set maxima. This controlled the cost to the blanket manufacturer of the raw material for the cheaper grades of

blankets. Although all three controls dealt directly with manufacturers, it is obvious their effects were carried through manufacturers' prices to the consumer market.

Wool Floor Coverings, 1914-1919

The United States is dependent upon foreign sources for its carpet wools. At the outbreak of the war in 1914 these wools came chiefly from China, Asia Minor, Russia in Europe and Argentina. ^{5/} A considerable portion of the oriental wools were shipped by the United Kingdom in European bottoms to Atlantic ports.

Prices of these wools responded immediately to the disruption of trade caused by the war but rose less rapidly than prices of clothing wools which were already on the increase before the war began.

By December, 1914, Chinese carpet wool was about 20% higher than the average for 1913-14. These prices rose steadily and gradually throughout 1915 and 1916. In March, 1917, the index reached a peak 157% above the 1913-14 average. Prices then receded somewhat but in July, 1918, the index again advanced to the previous peak level and remained there for the balance of the year. This level was somewhat lower relative to pre-war prices than that reached by clothing wools.

The advance in prices for carpet wools is accounted for by a decline in the available volume of raw wool accompanied by increased demands, together with a change in the source of imports. The acute shortage in shipping and the government control of available space led to the curtailment of the so called non-essentials including carpet wools. In 1913 about 59 million pounds entered as compared with 102 million in 1914. The increasing difficulty of obtaining imports from distant points resulted in a shift to increased trade with Argentina. ^{3/}

Carpet manufacturers shared with other branches of the woolen industry the difficulty of maintaining an adequate labor supply. Total employment in domestic carpet manufacturing declined 27 percent mostly because of a great decline in the number of mills. This problem together with the increasing scarcity and the advance in prices of wool was reflected in an increase in the price of carpets which became evident in May 1915. This was from six months to a year earlier than the price of most of the finished products made from clothing wool began to rise. However, the carpet price index reached its peak of 257% of the 1913-14 average later than the price index for products of clothing wool. As the war continued, manufacturers undertook to adapt their machinery to war purposes in an effort to keep the mills open. Looms used to manufacture Broad Tapestry rugs were found suitable to the manufacture of blankets. Machinery used for regular width Tapestry rugs and Body Brussels rugs, was found suitable for the manufacture of the heavier grades of cotton duck. 4/

Spindles in many carpet mills were used to spin woolen and worsted yarns which were then sent to regular clothing fabric mills to be processed. Other spindles were devoted to making yarns used by the Red Cross for knitting sweaters. Machinery in other carpet mills was adapted to the manufacture of small armaments. 4/ In these ways wool floor covering manufacturers were able to get some consideration as an essential industry.

In April, 1918 carpet wools were included in the government purchase of all the wool in the hands of dealers. Mills that were not able to adapt their machinery to other purposes were thereafter unable to replenish their stocks of raw wool. In August, 1918, the Woolens Section, War Industries Board, announced: "The rug and carpet trade cannot obtain

any wool for civilian uses and no home is held out to them." 1/

In order to adjust to higher priced and more scarce raw materials and labor, manufacturers changed the quality of their product. Substitute materials were used and rugs and carpets were manufactured with a less compact construction.

The period of readjustment to peacetime conditions for the carpet industry extended into 1920. There was little demand for carpets immediately after the war. Idle machinery resulted from the necessity for re-adaptation of looms to carpet manufacture. Production in 1919 was 14 million square yards below that reported for 1914. This situation indicated the degree of dislocation in the industry.

Post War Developments

The end of the war brought a severe slump in wool manufacturing. The manufacturers had petitioned from time to time for a release of government owned wool for civilian manufacture. They now feared the sale of this wool, since wool prices, even at the fixed price level, were unduly inflated and the release of the army's vast supply concurrent with the cessation of military demand threatened price chaos. 5/

The Quartermaster announced on November 23rd that he would purchase all fabrics the mills could manufacture before December 31, at the rate of production effective during the month ending November 9, and would accept delivery up to February 1, 1919. 7/ This statement, however, did not lift the manufacturers from their doldrums. Nor were they encouraged by the War Department's announcement in December 1918, that its wool stock would be sold at public auction even though the announcement also stated that no more wool than the market could easily absorb would be released at each auction. 5/

After the December auction and the first January auction of 1919, the wool manufacturers were aware only that the bottom price had not yet been reached. They dared not manufacture surplus stocks lest they be forced to take a loss by a sudden drop in the price of wool.

These fears were allayed when the cancellation of the import embargo did not result in a deluge of cheap foreign wools. The army announced on January 15, 1919, that it would accept the British civil issue price of December 1, 1917, for its wool stocks. 5/ This was interpreted by the trade as placing a floor under the market. 1/

The manufacturing industry now anticipated an industrial boom. Civilian demand continued large. Europeans, the manufacturers now discovered, had been without wool products, and now formed a lucrative export market. South American demand was also good. 1/

Manufacturers were satisfied. Labor sought to better its condition and production was delayed by labor disturbances. By the time the strikes were settled, half of 1919 was history. Shortages still existed in the civilian market. They were aggravated by the attitude of the retailers who feared price deflation and made their purchases with extreme caution. 1/ These difficulties were quickly surmounted, however, and the industry entered the general post war prosperity which continued until late in 1920.

QUESTIONNAIRE TO SURVEY PRIVATELY OWNED WOOL STOCKS

Sent to Wool Manufacturers by the Woolens
Section in August, 1918

To Herbert E. Peabody, Esq.
Chief, Woolens Section
War Industries Board
Washington, D.C.

1. Name of mill.
2. Address.
3. Amount and kinds of wool now owned, on hand, or to be received; sold and unsold.
4. Amount and kinds of wool required.
5. Amount and kinds of wools now owned, on hand, or to be received; sold and unsold.
6. Amount and kinds of wools required.
7. Amount and kinds of shoddy and other substitute now on hand or on contract; sold and unsold.
8. Amount of shoddy and other substitute required.
9. Amount and kind of worsted yarns on hand or on contract; sold and unsold - give counts and quantities.
10. Amount and kind of worsted yarns required - give counts and quantities.
11. Amount and kind of wool yarns on hand and on contract; sold and unsold - give counts and quantities.
12. Amount and kind of wool yarns required - give counts and quantities.
13. Amount of cotton yarns on hand or on contract; sold and unsold - give counts.
14. Amount of cotton yarn required - give counts.
15. Amount and kind of tops on hand or on contract; sold or unsold.
16. Amount and kind of tops required.
17. Classes of fabrics to be made (state proposed component materials and percentages).
18. What steps have you taken to conserve wool?
19. Yardage that can be produced from stock asked for?
20. If request is granted, how long can mill be operated?
21. Percentage of machinery now on Government work.
22. How long can this percentage be continued on present Government contracts?

Chronology of Developments in the Control of the Wool Industry, 1913-1919

1913

October 3 Passage of the Underwood Tariff putting raw wool on the free list and lowering the duty on wool manufactures. 3/

1914

February 24 The Textile Alliance, Inc., was organized under laws of New York State to perform certain services concerned with importation and exportation of textiles and textile fibers. 9/

October Britain applied export embargoes on raw wool from the United Kingdom. 5/

1915

January 13 Wool embargo lifted temporarily on Australian wool. (See Feb. 5) 1/

January 15 Wool embargo lifted temporarily on Indian wool. (See Feb. 5) 1/

January 16 American ships were given permission to carry Australian wool to America subject only to same restrictions as British shippers. 1/

February 5 Embargo on wool reinstated for whole United Kingdom. 1/

February 20 The Textile Alliance, Inc., and the British Government arrived at an agreement concerning wool. The British agreed to ship wool to the president of the Textile Alliance in return for his guarantee that it would not be reshipped to the Central powers. 1/

March 12 The British Government placed wool, wool tops and noils, and woolen and worsted yarns on the contraband list. 1/

March Dye operators raised the minimum amount of yardage acceptable for dyeing in order to conserve dyestuffs. 7/

May Manufacturers, wholesalers and retailers were hesitant to make or buy woolen goods because of fear that the European War would end and that with its conclusion European manufacturers would dump enormous quantities of woolen goods on United States markets. 1/

1915 (contd.)

July 13 9,000 pants makers, whose wages had been reduced during the depression in late 1913 and 1914, went on strike for restoration of 1912-13 level of wages. This caused delay in opening the 1916 lines of worsted cloth. 1/

August 2 Textile mill owners began to complain of the scarcity of labor. 1/

September 10 The use of shoddy in filling foreign military contracts caused a shortage of shoddy for the manufacture of domestic fabrics. 2/

September 20 The British Government lifted the embargo on crossbred and low grade wools to the Textile Alliance. 1/

October The wool goods trade began to expect high prices at least until the end of the war. 2/

November A notable change in sample allowances took place. Whereas it had been the custom to allow a sample of each item within a group of items, manufacturers now allowed only one sample to the group and merely photographs of the rest. Even this was considered wasteful. 2/

1915-16 The British blockade of Germany cut off the United States source of dyestuffs. Growing complaints of shortage are noticeable in trade journals throughout the year. By virtue of the war, the British supply was also cut off. Both countries started to use logwood dyestuffs from Jamaica which were not "fast." As the British shortage grew more acute, Britain placed an embargo on Jamaican logwood. This caused an even more stringent shortage in the United States. 1/

1916

January 5 A logwood shipment from Jamaica was received by the Textile Alliance, Inc. The embargo on logwood had been lifted as announced December 29, 1915. 1/

January 15 The British Government placed a new embargo on New Zealand wool. 1/

January 25 A new embargo placed on Australian crossbred wools. 1/

February The market on wool fabrics was admittedly speculative. The speculation consisted of placing huge orders for long future delivery. Mills minimized the speculation by trimming orders, i. e., orders were "revised without canceling." 2/

1916 (contd.)

- March 18 The British Government placed all wools on the embargo list again due to the needs of the British wool manufacturers. 1/
- March Sporadic labor troubles delayed fabric delivery. 1/
- March The freight embargo laid by railroads on shipments in New York State began to affect the textile industry. 1/
- April A big strike at Passaic, N. J., and Lawrence, Mass., stopped manufacturing at those two points. During the year, December 1915-December 1916, wages in the textile industry in the North rose 25 percent. Hours of labor were shortened in most mills to 9 per day. Over a 10-year period ending December 31, 1916, wages in textile mills advanced more than 80 percent. 2/
- Early 1916 Manufacturers began to sell on the understanding there would be no partial cancellation of orders, a radical change in selling policy. 5/
- May The United States Government orders were so heavy that woolen manufacturers had to ask clothiers to curtail their orders. Worsted manufacturers were not affected. 2/
- June The United States Army Quartermaster purchased over 1,000,000 yards of flannel shirting and 300,000 yards of 16 oz. Olive Drab melton cloth on the open market rather than by the customary bid and contract method due to a shortage of time. On the expectation of increased army orders, the American Woolen Company turned as much of its machinery as possible to the manufacture of cloths for the Government, the price of the material to be determined after delivery. 1/
- November Britain purchased Australian wool clip for remainder of war and one year thereafter. 2/
- 1917
- February 7 A Joint Committee of Wool Manufacturers was created by the American Association of Woolen and Worsted Manufacturers and the National Association of Wool Manufacturers to cooperate with the Council of National Defense. 7/
- March 28 Organization of the Joint Committee of Wool Manufacturers was completed. 7/

1917 (contd.)

- April 10 The Textile Alliance advised the General Munitions Board that there would not be enough wool to meet army, navy, and civilian needs. No action taken. 7/
- April 11 Brokers in Boston, Philadelphia and Chicago offered to hold all wool they had on hand for Government use at the price level of April 2. No action was taken by the General Munitions Board lest taking the wool for the Government would completely unsettle an already unstable market and because the Quartermaster expected a better price at a later date. 12/
- April The Council of National Defense decided to deal directly with wool manufacturers, thus eliminating the middle-man's profit. 5/
- May Woolen Goods Section was created by reorganization of Committee on Supplies, Council of National Defense. Its greatest service was in getting reworked shoddy for the Government to use at a savings. 9/
- June The Quartermaster increased the test strength of blankets 10 pounds in each direction. At the same time, raw material quality requirements were effectively reduced. 2/
- July 17-18 The Joint Committee of Wool Manufacturers met with officials of the services (army and navy) and recommended changes in the specifications for 11 oz., 18 oz., and 30 oz. navy fabrics and in the 8 1/2 oz. and 16 oz. flannel and uniform cloths for the army. 7/
- July 20 There was a meeting of Joint Committee and dyestuff manufacturers and Government officials to discuss best way to meet the dyestuffs shortage. 7/
- July The United States Government earmarked \$25,000,000 of Army Appropriation for the purchase of wool. Committee on Supplies purchased approximately 6,000,000 pounds of raw wool at the July 30, 1917 price. 5/
- September 13 The Joint Committee of Wool Manufacturers met to discuss methods and practices of discouraging the civilian use of wool manufactures. Manufacturers stated that the clothing trade had not responded favorably to the new types of fabrics which were the result of the civilian conservation program. 7/
- September 13 The Joint Committee protested to the Committee on Supplies, Council of National Defense, against "emergency purchases" of inferior goods for military needs. 7/

1917 (contd.)

- September 14 The Joint Committee of Wool Manufacturers asked the Committee on Supplies, Council of National Defense, for a letter absolving it of responsibility when the Committee on Supplies purchased emergency supplies of inferior merchandise. 7/
- September 20 General meeting of wool manufacturers convened at New York to discuss the wool shortage and means to conserve wool. At the meeting the War Industries Board Committee on Supplies asked that no "all wool" materials be manufactured for civilian consumption and that manufacturers devise means to discourage their use. A special Committee on Conservation was formed. 7/
- September 27 The recommendations of the Committee on Conservation were accepted at a general meeting of the wool manufacturers. A resolution was passed asking the Exports Administration not to cut off the wool manufacturers export trade at least as far as orders already placed were concerned. 7/
- October 3 A meeting of wool reg men recommended to the Committee on Supplies that the export of certain types of wool rags not used in manufactures in this country be permitted since this would not affect the price. 7/
- October 10 A general meeting of wool manufacturers resolved that insofar as possible no 100 percent wool fabrics would be permitted for civilian use. Manufacturers agreed to help discourage civilian consumption of wool products. 7/
- October 10 The Committee on Supplies arranged for the import of 200,000 bales of wool from Britain. However, the wool was not available until 1918. 1/
- October 11 The Chairman of the Committee on Wool Supply, War Industries Board, advised the War Industries Board to take some action to control the raw wool situation as the sufficiency of the wool supply was questionable. 1/
- October A resolution formed at a meeting of the Committee on Conservation urged the Exports Administration to allow the export of wool products not suitable for military use. 2/
- November 14 An export embargo placed on wool by the War Trade Board. 5/
- November 15 The Quartermaster suggested taking over the wool supply. The War Industries Board thought this inadvisable because:

1917 (contd.)

1. The purchase of the wool clip in grease would entail employing a large number of expert wool buyers.
 2. Manufacturers had covered their requirements for Government contracts.
 3. Supply on hand and potentially available was sufficient for all needs of the United States. 2/
- November 27 Wool was placed on first list of basic raw materials for which import licenses would be necessary by the War Trade Board. 5/
- November 28 A letter from the Committee on Supplies, Council of National Defense, to the Joint Committee of Wool Manufacturers asking the latter to dissolve because it was embarrassing for the Joint Committee to represent both industry and the Government at the same time. The Joint Committee dissolved at once and the War Service Committee was formed. 7/
- Fall, 1917 A War Service Committee of the wool manufacturing industry was created to cooperate with the War Industries Board as a "clearing house for available plant capacity." 9/
- December 15 The War Trade Board announced that written approval by the Board would be required for release of imported wool except to wool manufacturers. The United States Government took a 10-day option on all imported wool. 5/
- 1918
- January 14 The War Trade Board import regulations for wool were made more stringent. 5/
- January 23 The Woolens Branch, Clothing and Equipment Division, Quartermaster, created to recommend specifications for, and procurement of woolens for clothing and equipment. 9/
- February 25 Clearance list published specifically mentioned wool and woolen goods. 13/
- March 1 The Quartermaster General began exercising the purchase option on 44s and 56s imported wool. 5/
- March 21 Army specifications were changed to permit less shoddy in army cloths and to increase the weight of fabrics. 5/
- March The Government took over German owned mills at Passaic, N.J. 1/
- April 1 Army's wool requirement for the year estimated at 100,000,000 pounds. 5/

1918 (contd.)

- April 3 The Boston wool dealers inform the Government that the available wool supply is 35,000,000 pounds. 5/
- April 5 An option on all wool in the hands of dealers was taken by the War Department. 5/
- April 19 Wool growers appeared before the Price-Fixing Committee and offered their entire clip to the Government at the current market price. 7/
- April 19 A representative of the Wool Section, War Industries Board, suggested that the Government buy the domestic clip. 2/
- April 19 The Wool Division of the War Industries Board was created. 9/
- April 23 The War Department took over all raw wool in the hands of dealers. The purchase price was set as the "normal market" price of July 30, 1917. 1/
- April 23 An option on the wool clip was taken by the Government. 1/
- April 24 Domestic Wool Section, Textile and Rubber Division of War Industries Board was formed to regulate the collection of the wool clip at points of origin. 2/
- May 16 Wool Stock Graders Association formed to work with the War Industries Board in adjusting the wool price and to cooperate in regard to wool stock with the Government agencies. 9/
- May 21 The Wool Division, War Industries Board, issued regulations for the handling of the 1918 wool clip. 5/
- May 29 The Woolens Section of the Clothing and Equipage Division, Quartermaster, announced that up to September 30, 1918, the Army's purchasing program was covered. 2/
- May The War Industries Board issued a complaint against clothing advertisements which urged consumers to "purchase wool products now because prices were sure to rise before they became any lower," on the ground that such advertisements encouraged hoarding. 2/
- June 3 The Woolen Goods Section, Textile and Rubber Division, War Industries Board, was created due to speculation in consumer piece goods by jobbers and clothiers. It surveyed the amount of privately owned wool, instructed that the dyeing and spinning of wool for hand knitting purposes should cease, and persuaded dealers and spinners to turn their stocks over to the Red Cross. 9/

1918 (contd.)

- June 14 Wool Tops and Yarn Branch, Clothing and Equipage Division, Quartermaster, was created to administer the United States purchases of wool. 9/
- June 21 War Service Committee informed the trade that a constructive program of coordination of Government and civilian requirements was under way. 7/
- June 24 Clearance list was published which included all wool goods. 13/
- June 24 The Rag Subdivision of the Woolens Section, Textile Division, War Industries Board, was created to administer regulations established by the Price-Fixing Committee. 9/
- June A Federal Trade Commission investigation of the civilian wool market in New York City was requested by War Industries Board. 5/
- June The War Department estimated its needs until December 31, 1919, as 425,000,000 pounds of raw wool. 5/
- July 12 The War Service Committee warned the trade of the need for rigid economy in view of the Government's plan of needs for an army of 5,000,000 men. 2/
- July 13 Rag prices were pegged at the public quotation of this date by the Woolens Section on the advice of the Rag Administrator. 6/
- July 23 A South American Wool Purchasing Syndicate was formed by six large importers to purchase wool for the Government. 5/
- July 28 All import licenses for wool except to the Quartermaster canceled by a War Trade Board order issued July 12. 5/
- August 19 The price of wool rags was set by the Price-Fixing Committee. 6/
- August 19 The Woolens Section, War Industries Board, inaugurated monthly reports of stock as of September 1, and thereafter, of Rag Dealers, Shoddy, Woolen Manufacturers and Garment Manufacturers. Also Weekly Purchase and Sale Reports on September 1, and thereafter. 7/
- August 19 The Federal Trade Commission was requested by Woolens Section, War Industries Board, to investigate rag industry with a view to determining information that would assist the Woolens Section to scientifically revise the maximum prices for rags. 5/

1918 (contd.)

- August 21 The price of new clips was set by Price-Fixing Committee. 5/
- August 23 The price of shoddy was set by Price-Fixing Committee. 5/
- September 27 The Wool Advisory Committee of the Woolen Section was formed to study and review all angles of the wool and woolens situation so that the War Industries Board could take prompt action in meeting conditions as they arose in the industry. 9/
- September A survey of the Government wool stocks revealed it would be impossible to allocate any wool for civilian use before April 1919. 5/
- October 1 The War Service Committee of the wool manufacturing industry announced to the trade that Government orders would soon be curtailed and machinery in use for the Government would thereby be reduced. 2/
- October 7 The export of wool rags was prohibited by the War Trade Board except in cases where the reworked material was to be imported for use of the United States Army. 5/
- October 10 A Wool Purchasing Commission superseded the South American Wool Purchasing Syndicate. Wool Purchasing Commission had been formed in September. 5/
- October 16 The National Association of Worsted and Woolen Spinners' meeting in New York asked the Government to release wool for civilians and so enabled the mills to keep their organizations in such condition as to efficiently handle the Government's demands when they came. 7/
- October 22 The War Service Committee announced that the Government wool manufacturing program would be advanced immediately to keep the mills busy. There was no release of wool for civilians. 7/
- October Arrangements were made to take over the 1919 wool clip if the war continued. 2/
- November 1 The Woolens Section, War Industries Board, announced that no wool for civilian purposes could be released in the near future because of the Quartermaster's needs and the stringent shortage of shipping for the importation of wool. 2/
- November 11 Armistice.

1918 (contd.)

- November 13 The Quartermaster ordered the release of all available wool to manufacturers for civilian purposes. 2/
- November 18 The War Service Committee announced that plans were being laid for the withdrawal of the Government from the wool market so as to entail as little dislocation of industry as possible. 2/
- November 18 Priority shipments to war industries were abandoned. 13/
- November 23 The Zone Supply Officer, Quartermaster, announced that the Army would buy all blankets and yardage that mills would have produced before December 21 if they operated as in the month preceding November 9. The Army would accept delivery up to February 1, 1919. 2/
- November 26 The War Department announced it had a year's equipment for 3,500,000 men. 5/
- November 28 The Woolen Manufacturers Cooperative Committee disbanded. 7/
- December 9 Fixed prices of wool rags, new clips, and shoddy were canceled. The War Department announced its intention to dispose of wool stocks at public auction. 5/
- December 18 Export prohibitions were lifted to allied countries. 5/
- December 18-19 The first auction of the army's wool. 1/
- December 21 Most of the remaining control organizations were disbanded. 5/
- 1919
- January 2-3 The second auction of the army's wool. 5/
- January 8 Imports of raw wool from non-enemy countries permitted. 5/
- January 15 The army announced that the British civil issue price of December 1, 1917, was the lowest price it would accept for its wool. 5/
- January 15-16 The third auction of the army's wool. 53.5 percent of wool offered at first three auctions sold. 5/

Footnotes

- 1/ The New York Journal of Commerce
- 2/ The Textile World Journal
- 3/ The Tariff Dictionary
- 4/ A Century of Rug and Carpet Making in America
- 5/ War Industries Board Price Bulletin No. 24,

Wool and Wool Products

- 6/ Minutes of the Price-Fixing Committee of the War
Industries Board
- 7/ National Association of Wool Manufacturers,
Quarterly Bulletins
- 8/ "Price Fluctuations in the Woolen Industry"
Annals of the American Academy of Political
and Social Sciences, May, 1920
- 9/ Handbook of Economic Agencies During the War of 1917
- 10/ Tariff Information Bulletin #3, 1921

Wool Floor Coverings

- 11/ Census Reports
- 12/ War Industries Board Price Bulletin No. 3
Government Control Over Prices
- 13/ American Industry in the War, B. M. Baruch

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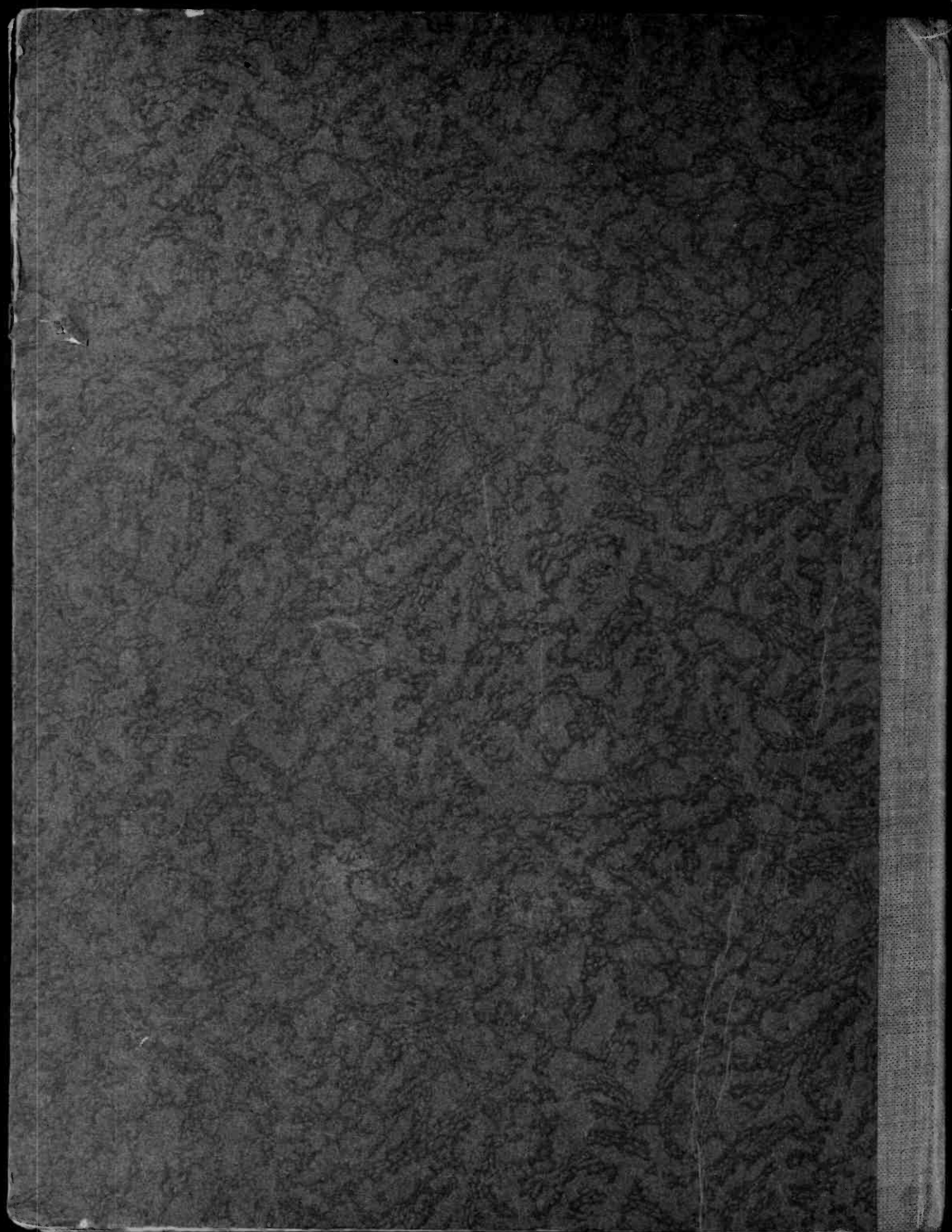
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